

SENATE BILL 822

Q1

5lr3252

By: **Senator Jennings**

Introduced and read first time: January 28, 2025

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax – Tax Credit for Nonprimary Residence**

3 FOR the purpose of providing a credit against the State, county, and municipal corporation
4 property tax imposed on certain nonprimary residences under certain circumstances;
5 requiring the Mayor and City Council of Baltimore City and the governing body of
6 each county and municipal corporation to set, by law, a certain nonprimary residence
7 credit percentage for purposes of calculating the credit under this Act; and generally
8 relating to a property tax credit for nonprimary residences.

9 BY adding to
10 Article – Tax – Property
11 Section 9–112
12 Annotated Code of Maryland
13 (2019 Replacement Volume and 2024 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Tax – Property**

17 **9–112.**

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
19 INDICATED.

20 (2) “ACTIVE MEMBER” HAS THE MEANING STATED IN § 9–105 OF THIS
21 SUBTITLE.

22 (3) “AGRICULTURAL OWNERSHIP ENTITY” HAS THE MEANING
23 STATED IN § 9–105 OF THIS SUBTITLE.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(4) "HOMEOWNER" MEANS AN INDIVIDUAL WHO HAS A LEGAL INTEREST IN A NONPRIMARY RESIDENCE OR WHO IS AN ACTIVE MEMBER OF AN AGRICULTURAL OWNERSHIP ENTITY THAT HAS A LEGAL INTEREST IN A NONPRIMARY RESIDENCE.

(5) "LEGAL INTEREST" MEANS AN INTEREST IN A NONPRIMARY RESIDENCE:

(I) AS A SOLE OWNER;

(II) AS A JOINT TENANT;

(III) AS A TENANT IN COMMON;

(IV) AS A TENANT BY THE ENTIRETIES;

(V) THROUGH MEMBERSHIP IN A COOPERATIVE;

(VI) UNDER A LAND INSTALLMENT CONTRACT, AS DEFINED IN § 10-101 OF THE REAL PROPERTY ARTICLE;

(VII) AS A HOLDER OF A LIFE ESTATE; OR

(VIII) AS A SETTLOR, GRANTOR, OR BENEFICIARY OF A TRUST IF:

1. THE SETTLOR, GRANTOR, OR BENEFICIARY OF THE TRUST DOES NOT PAY RENT OR OTHER REMUNERATION TO RESIDE IN THE NONPRIMARY RESIDENCE; AND

2. LEGAL TITLE TO THE NONPRIMARY RESIDENCE IS HELD IN THE NAME OF THE TRUST OR IN THE NAMES OF THE TRUSTEES FOR THE TRUST.

(6) (I) "NONPRIMARY RESIDENCE" MEANS:

1. A HOUSE:

A. THAT IS NOT USED AS THE PRINCIPAL RESIDENCE OF THE HOMEOWNER;

B. THAT IS ACTUALLY OCCUPIED OR EXPECTED TO BE ACTUALLY OCCUPIED BY THE HOMEOWNER FOR FEWER THAN 6 MONTHS OF A

1 12-MONTH PERIOD BEGINNING WITH THE DATE OF FINALITY FOR THE TAXABLE
2 YEAR FOR WHICH THE PROPERTY TAX CREDIT UNDER THIS SECTION IS SOUGHT; AND

3 C. FOR WHICH THE PROPERTY TAX CREDIT UNDER §
4 9-105 OF THIS SUBTITLE IS NOT APPLICABLE; AND

5 2. THE LOT OR CURTILAGE ON WHICH THE HOUSE IS
6 ERECTED.

7 (II) "NONPRIMARY RESIDENCE" INCLUDES:

8 1. A CONDOMINIUM UNIT THAT IS OCCUPIED BY AN
9 INDIVIDUAL WHO HAS A LEGAL INTEREST IN THE CONDOMINIUM;

10 2. AN APARTMENT IN A COOPERATIVE APARTMENT
11 CORPORATION THAT IS OCCUPIED BY AN INDIVIDUAL WHO HAS A LEGAL INTEREST
12 IN THE APARTMENT; AND

13 3. A PART OF REAL PROPERTY USED OTHER THAN
14 PRIMARILY FOR RESIDENTIAL PURPOSES, IF THE REAL PROPERTY IS USED AS A
15 PRINCIPAL RESIDENCE BY AN INDIVIDUAL WHO HAS A LEGAL INTEREST IN THE REAL
16 PROPERTY.

17 (III) "NONPRIMARY RESIDENCE" DOES NOT INCLUDE
18 RESIDENTIAL REAL PROPERTY THAT IS HELD BY THE OWNER PRIMARILY FOR
19 RENTAL, INVESTMENT, OR THE GENERATION OF INCOME.

20 (7) "TAXABLE ASSESSMENT" HAS THE MEANING STATED IN § 9-105
21 OF THIS SUBTITLE.

22 (B) (1) IF THERE IS AN INCREASE IN PROPERTY ASSESSMENT AS
23 CALCULATED UNDER THIS SECTION, THE STATE AND THE GOVERNING BODY OF
24 EACH COUNTY AND OF EACH MUNICIPAL CORPORATION SHALL GRANT A PROPERTY
25 TAX CREDIT UNDER THIS SECTION AGAINST THE STATE, COUNTY, AND MUNICIPAL
26 CORPORATION PROPERTY TAX IMPOSED ON A NONPRIMARY RESIDENCE OF A
27 HOMEOWNER BY THE STATE, COUNTY, OR MUNICIPAL CORPORATION.

28 (2) A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL
29 BE APPLICABLE TO ANY STATE, COUNTY, OR MUNICIPAL CORPORATION PROPERTY
30 TAX AND ANY PROPERTY TAX IMPOSED FOR A BICOUNTY COMMISSION.

31 (C) (1) IF A NONPRIMARY RESIDENCE IS NOT USED PRIMARILY FOR
32 RESIDENTIAL PURPOSES, THE DEPARTMENT SHALL APPORTION THE TOTAL

1 PROPERTY ASSESSMENT BETWEEN THE PART OF THE NONPRIMARY RESIDENCE
2 THAT IS USED FOR RESIDENTIAL PURPOSES AND THE PART OF THE NONPRIMARY
3 RESIDENCE THAT IS NOT USED FOR RESIDENTIAL PURPOSES.

4 (2) (I) FOR A HOMEOWNER WHO IS AN ACTIVE MEMBER OF AN
5 AGRICULTURAL OWNERSHIP ENTITY TO QUALIFY FOR THE PROPERTY TAX CREDIT
6 UNDER THIS SECTION:

7 1. THE NONPRIMARY RESIDENCE MUST HAVE BEEN
8 OWNED AND OCCUPIED BY THE ACTIVE MEMBER:

9 A. AT THE TIME OF ITS TRANSFER TO THE
10 AGRICULTURAL OWNERSHIP ENTITY; OR

11 B. IF THE AGRICULTURAL OWNERSHIP ENTITY IS A
12 LIMITED LIABILITY COMPANY AND THE NONPRIMARY RESIDENCE WAS ORIGINALLY
13 TRANSFERRED TO THE AGRICULTURAL OWNERSHIP ENTITY AS PART OF A
14 CONVERSION FROM A PARTNERSHIP UNDER § 4A-211 OF THE CORPORATIONS AND
15 ASSOCIATIONS ARTICLE, THEN AT THE TIME OF ITS TRANSFER TO THE FORMER
16 PARTNERSHIP; AND

17 2. THE AGRICULTURAL OWNERSHIP ENTITY AND THE
18 ACTIVE MEMBER WHO OCCUPIES THE NONPRIMARY RESIDENCE MUST FILE AN
19 APPLICATION WITH THE DEPARTMENT ESTABLISHING INITIAL ELIGIBILITY FOR
20 THE CREDIT ON OR BEFORE JUNE 30 FOR THE FOLLOWING TAXABLE YEAR AND, AT
21 THE REQUEST OF THE DEPARTMENT, MUST FILE AN APPLICATION IN ANY FUTURE
22 YEAR TO VERIFY CONTINUED ELIGIBILITY.

23 (II) FAILURE TO FILE A TIMELY APPLICATION MAY RESULT IN
24 DISQUALIFICATION FROM THE NONPRIMARY RESIDENCE TAX CREDIT PROGRAM
25 FOR THE FOLLOWING TAXABLE YEAR.

26 (D) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (5) OF THIS
27 SUBSECTION, THE DEPARTMENT SHALL AUTHORIZE AND THE STATE, A COUNTY, OR
28 A MUNICIPAL CORPORATION SHALL GRANT A PROPERTY TAX CREDIT UNDER THIS
29 SECTION FOR A NONPRIMARY RESIDENCE FOR A TAXABLE YEAR UNLESS DURING
30 THE PREVIOUS TAXABLE YEAR:

31 (I) THE HOMEOWNER OF THE NONPRIMARY RESIDENCE DID
32 NOT ALSO MAINTAIN AND RESIDE IN A DWELLING, AS DEFINED UNDER § 9-105 OF
33 THIS SUBTITLE, IN THE STATE;

1 (II) THE NONPRIMARY RESIDENCE WAS TRANSFERRED FOR
2 CONSIDERATION TO NEW OWNERSHIP;

3 (III) THE VALUE OF THE NONPRIMARY RESIDENCE WAS
4 INCREASED DUE TO A CHANGE IN THE ZONING CLASSIFICATION OF THE
5 NONPRIMARY RESIDENCE INITIATED OR REQUESTED BY THE HOMEOWNER OR
6 ANYONE HAVING AN INTEREST IN THE PROPERTY;

7 (IV) THE USE OF THE NONPRIMARY RESIDENCE WAS CHANGED
8 SUBSTANTIALLY; OR

9 (V) THE ASSESSMENT OF THE NONPRIMARY RESIDENCE WAS
10 CLEARLY ERRONEOUS DUE TO AN ERROR IN CALCULATION OR MEASUREMENT OF
11 IMPROVEMENTS ON THE REAL PROPERTY.

12 (2) A HOMEOWNER MUST ACTUALLY RESIDE IN THE NONPRIMARY
13 RESIDENCE BY JULY 1 OF THE TAXABLE YEAR FOR WHICH THE PROPERTY TAX
14 CREDIT UNDER THIS SECTION IS TO BE ALLOWED.

15 (3) THE CREDIT MAY BE GRANTED ONLY TO ONE NONPRIMARY
16 RESIDENCE OWNED BY THE HOMEOWNER.

17 (4) IF A PROPERTY TAX CREDIT UNDER THIS SECTION IS LESS THAN
18 \$1 IN ANY TAXABLE YEAR, THE TAX CREDIT MAY NOT BE GRANTED.

19 (5) (I) IF THE NONPRIMARY RESIDENCE WAS TRANSFERRED FOR
20 CONSIDERATION IN A DEED DATED ON OR AFTER JANUARY 1 BUT BEFORE THE
21 BEGINNING OF THE NEXT TAXABLE YEAR AND THE DEED WAS RECORDED WITH THE
22 CLERK OF THE CIRCUIT COURT OR THE DEPARTMENT ON OR AFTER JULY 1 BUT
23 BEFORE SEPTEMBER 1 OF THE NEXT TAXABLE YEAR, THE NEW OWNER MAY SUBMIT
24 A WRITTEN APPLICATION TO THE DEPARTMENT ON OR BEFORE SEPTEMBER 1 OF
25 THE SECOND TAXABLE YEAR FOLLOWING THE DATE OF THE DEED REQUESTING
26 THAT THE DATE OF THE DEED BE ACCEPTED BY THE DEPARTMENT AS THE DATE OF
27 TRANSFER UNDER PARAGRAPH (1) OF THIS SUBSECTION.

28 (ii) 1. THE APPLICANT SHALL SUBMIT WITH THE WRITTEN
29 APPLICATION A COPY OF THE EXECUTED DEED EVIDENCING THE DATE OF THE
30 TRANSFER.

31 2. IF THE APPLICANT FAILS TO SUBMIT A COPY OF THE
32 EXECUTED DEED AS REQUIRED UNDER SUBSUBPARAGRAPH 1 OF THIS
33 SUBPARAGRAPH, THE DEPARTMENT SHALL DENY THE APPLICATION.

(III) THE DATE OF THE TRANSFER UNDER THIS PARAGRAPH IS THE EFFECTIVE DATE OF THE DEED AS DESCRIBED UNDER § 3-201 OF THE REAL PROPERTY ARTICLE.

(IV) IF A HOMEOWNER SUBMITS AN ELIGIBLE APPLICATION UNDER THIS PARAGRAPH AFTER MAY 1 OF THE FIRST TAXABLE YEAR FOLLOWING THE DATE OF THE DEED AND THE HOMEOWNER IS DUE TO RECEIVE A REDUCTION IN THE HOMEOWNER'S PROPERTY TAX BILL IN THE SECOND TAXABLE YEAR FOLLOWING THE DATE OF THE DEED AS A RESULT OF THE CREDIT UNDER THIS SECTION, PROPERTY TAX IS NOT DUE ON THE NONPRIMARY RESIDENCE FOR THE SECOND TAXABLE YEAR FOLLOWING THE DATE OF THE DEED UNTIL 30 DAYS AFTER A REVISED TAX BILL IS SENT TO THE HOMEOWNER.

(6) (I) EXCEPT AS PROVIDED UNDER PARAGRAPH (7) OF THIS SUBSECTION, TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, A HOMEOWNER SHALL SUBMIT AN APPLICATION FOR THE CREDIT TO THE DEPARTMENT AS PROVIDED IN THIS PARAGRAPH.

(II) THE APPLICATION SHALL:

1. BE MADE ON THE FORM THAT THE DEPARTMENT PROVIDES;

2. PROVIDE THE INFORMATION REQUIRED BY THE FORM;

3. INCLUDE A STATEMENT BY THE HOMEOWNER UNDER OATH THAT THE FACTS STATED IN THE APPLICATION ARE TRUE, CORRECT, AND COMPLETE; AND

4. BE FILED ON OR BEFORE THE MAY 1 PRECEDING THE FIRST TAXABLE YEAR FOR WHICH THE PROPERTY TAX CREDIT UNDER THIS SECTION IS TO BE ALLOWED.

(III) THE DEPARTMENT SHALL PROVIDE A HOMEOWNER THE OPTION TO SUBMIT THE APPLICATION REQUIRED UNDER THIS PARAGRAPH ELECTRONICALLY ON THE DEPARTMENT'S WEBSITE.

(7) IF A HOMEOWNER SUBMITS AN APPLICATION TO THE DEPARTMENT UNDER THIS SECTION AND THE DEPARTMENT DETERMINES THAT THE HOMEOWNER WAS ELIGIBLE FOR THE CREDIT IN THE PRIOR TAXABLE YEAR BUT FAILED TO FILE AN APPLICATION FOR THE CREDIT AS REQUIRED UNDER THIS SUBSECTION:

1 **(I) THE HOMEOWNER SHALL BE RETROACTIVELY QUALIFIED**
2 **FOR THE NONPRIMARY RESIDENCE PROPERTY TAX CREDIT PROGRAM FOR THE**
3 **PRIOR TAXABLE YEAR; AND**

4 **(II) THE DEPARTMENT SHALL CALCULATE THE PRIOR YEAR'S**
5 **TAXABLE ASSESSMENT AS IF THE CREDIT HAD BEEN GRANTED FOR THE PRIOR**
6 **TAXABLE YEAR.**

7 **(E) (1) FOR EACH TAXABLE YEAR, THE PROPERTY TAX CREDIT UNDER**
8 **THIS SECTION IS CALCULATED BY:**

9 **(I) MULTIPLYING THE PRIOR YEAR'S TAXABLE ASSESSMENT BY**
10 **THE NONPRIMARY RESIDENCE CREDIT PERCENTAGE PROVIDED UNDER**
11 **PARAGRAPH (2) OF THIS SUBSECTION;**

12 **(II) SUBTRACTING THAT AMOUNT FROM THE CURRENT YEAR'S**
13 **ASSESSMENT; AND**

14 **(III) IF THE DIFFERENCE IS A POSITIVE NUMBER, MULTIPLYING**
15 **THE DIFFERENCE BY THE APPLICABLE PROPERTY TAX RATE FOR THE CURRENT**
16 **YEAR.**

17 **(2) FOR EACH TAXABLE YEAR, THE NONPRIMARY RESIDENCE CREDIT**
18 **PERCENTAGE UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION IS:**

19 **(I) FOR THE STATE PROPERTY TAX AND FOR ANY PROPERTY**
20 **TAX IMPOSED FOR A BICOUNTY COMMISSION, 115%;**

21 **(II) FOR THE COUNTY PROPERTY TAX:**

22 **1. THE NONPRIMARY RESIDENCE CREDIT PERCENTAGE**
23 **ESTABLISHED BY THE COUNTY UNDER PARAGRAPH (3) OF THIS SUBSECTION; OR**

24 **2. IF THE COUNTY HAS NOT SET A PERCENTAGE FOR THE**
25 **TAXABLE YEAR UNDER PARAGRAPH (3) OF THIS SUBSECTION OR HAS NOT NOTIFIED**
26 **THE DEPARTMENT AS REQUIRED UNDER PARAGRAPH (6) OF THIS SUBSECTION, THE**
27 **CREDIT PERCENTAGE IN EFFECT FOR THE COUNTY FOR THE PRECEDING TAXABLE**
28 **YEAR; AND**

29 **(III) FOR THE MUNICIPAL CORPORATION PROPERTY TAX:**

1 1. THE NONPRIMARY RESIDENCE CREDIT PERCENTAGE
2 ESTABLISHED BY THE MUNICIPAL CORPORATION UNDER PARAGRAPH (4) OF THIS
3 SUBSECTION; OR

4 2. IF THE MUNICIPAL CORPORATION HAS NOT SET A
5 PERCENTAGE UNDER PARAGRAPH (4) OF THIS SUBSECTION OR HAS NOT NOTIFIED
6 THE DEPARTMENT AS REQUIRED UNDER PARAGRAPH (7) OF THIS SUBSECTION, THE
7 NONPRIMARY RESIDENCE CREDIT PERCENTAGE FOR THE TAXABLE YEAR FOR THE
8 COUNTY IN WHICH THE PROPERTY IS LOCATED.

9 (3) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE MAYOR
10 AND CITY COUNCIL OF BALTIMORE CITY AND THE GOVERNING BODY OF A COUNTY
11 ON OR BEFORE MARCH 15 OF ANY YEAR SHALL SET, BY LAW, THE NONPRIMARY
12 RESIDENCE CREDIT PERCENTAGE FOR THE TAXABLE YEAR BEGINNING THE
13 FOLLOWING JULY 1.

14 (4) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, ON OR
15 BEFORE MARCH 25 OF ANY YEAR, THE GOVERNING BODY OF A MUNICIPAL
16 CORPORATION MAY SET OR ALTER, BY LAW, A NONPRIMARY RESIDENCE CREDIT
17 PERCENTAGE FOR THE TAXABLE YEAR BEGINNING THE FOLLOWING JULY 1 AND ANY
18 SUBSEQUENT TAXABLE YEAR.

19 (5) THE NONPRIMARY RESIDENCE CREDIT PERCENTAGE FOR ANY
20 COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX:

21 (I) MAY NOT BE LESS THAN 100% OR EXCEED 115% FOR ANY
22 TAXABLE YEAR; AND

23 (II) SHALL BE EXPRESSED IN INCREMENTS OF 1 PERCENTAGE
24 POINT.

25 (6) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY AND THE
26 GOVERNING BODY OF A COUNTY SHALL NOTIFY THE DEPARTMENT OF ANY ACTION
27 TAKEN UNDER PARAGRAPH (3) OF THIS SUBSECTION ON OR BEFORE MARCH 15
28 PRECEDING THE TAXABLE YEAR FOR WHICH THE ACTION IS TAKEN.

29 (7) A MUNICIPAL CORPORATION SHALL NOTIFY THE DEPARTMENT
30 OF ANY ACTION TAKEN UNDER PARAGRAPH (4) OF THIS SUBSECTION ON OR BEFORE
31 MARCH 25 PRECEDING THE TAXABLE YEAR FOR WHICH THE ACTION IS TAKEN.

32 (F) A HOMEOWNER WHO MEETS THE REQUIREMENTS OF THIS SECTION
33 SHALL BE GRANTED THE PROPERTY TAX CREDIT UNDER THIS SECTION AGAINST THE
34 STATE, COUNTY, AND MUNICIPAL CORPORATION PROPERTY TAX AND ANY

1 PROPERTY TAX IMPOSED FOR A BICOUNTY COMMISSION IMPOSED ON THE REAL
2 PROPERTY OF THE NONPRIMARY RESIDENCE.

3 (G) THE TAX CREDIT UNDER THIS SECTION SHALL BE INCLUDED ON THE
4 HOMEOWNER'S PROPERTY TAX BILL.

5 (H) THE COMPTROLLER SHALL:

6 (1) COOPERATE WITH THE DEPARTMENT IN ADOPTING A PROCEDURE
7 TO AUDIT THE APPLICATION FORMS SUBMITTED UNDER THIS SECTION;

8 (2) NOTWITHSTANDING § 13-202 OF THE TAX – GENERAL ARTICLE,
9 PROVIDE ADDITIONAL INFORMATION TO THE DEPARTMENT; AND

10 (3) ASSIST THE DEPARTMENT IN A POSTAUDIT OF EACH
11 APPLICATION.

12 (I) THE COUNTIES SHALL REIMBURSE THE DEPARTMENT FOR THE
13 ADMINISTRATION OF THE APPLICATION PROCESS UNDER SUBSECTION (D)(6) OF
14 THIS SECTION.

15 (J) THE DEPARTMENT SHALL ADOPT RULES AND REGULATIONS TO
16 IMPLEMENT THIS SECTION.

17 (K) THE TAX CREDIT UNDER THIS SECTION SHALL BE KNOWN AS THE
18 NONPRIMARY RESIDENCE PROPERTY TAX CREDIT.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
20 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.